

Cleveland's Resilience

April 2025



Rent Gains Above Nation
Construction Activity Slows
Employment Growth Lags US

CLEVELAND MULTIFAMILY



Rent Growth Outpaces Nation

Cleveland's multifamily market recorded uneven fundamentals at the start of the year. Rent growth was 0.3% on a trailing three-month basis through February, while the U.S. average remained flat. On a year-over-year basis, the metro's average advertised asking rate increased 4.4%, to \$1,216, while the U.S. average rose 1.2%, to \$1,751. Cleveland's occupancy rate settled at 94.7% as of January, just above the U.S. average of 94.5%.

In January, Cleveland's unemployment rate was 4.6% and Akron's stood at 5.6%, according to preliminary data from the Bureau of Labor Statistics. In 2024, the metro added 2,900 net jobs. The education and health services sector led gains, with 6,300 positions added. Bedrock's masterplan for a \$3.5 billion transit-oriented project that would transform the eastern Cuyahoga riverfront is one step closer to development. The City Planning Commission approved the masterplan for the project, which is expected to deliver more than 2,000 residential units as well as 12 acres of green space, such as parks and trails.

Cleveland had 2,771 units under construction as of February. While no deliveries have been recorded yet this year, Yardi Matrix expects the metro's inventory to grow by approximately 1,600 units by the end of the year. Last year marked a decade-high for completions, with 2,330 units, or 1.4% of existing stock, added.

Recent Cleveland Transactions

Highlands of Heritage Woods



City: Copley, Ohio
Buyer: Brightstone Capital
Purchase Price: \$14 MM
Price per Unit: \$112,396

Market Analysis | April 2025

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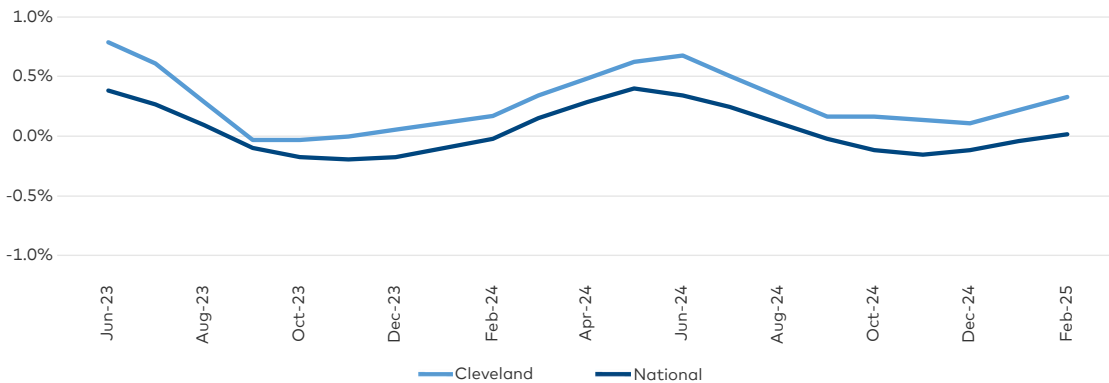
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RENT TRENDS

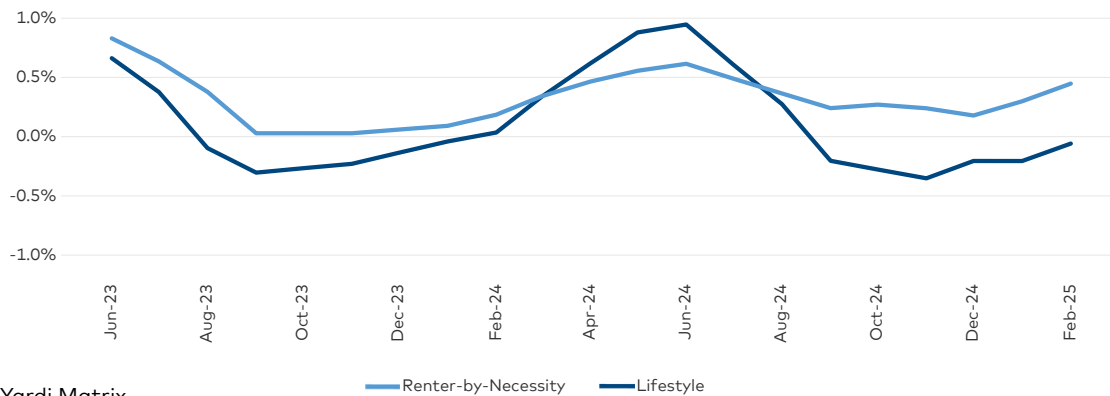
- Average advertised asking rents in Cleveland were up 0.3% on a trailing three-month (T3) basis through February, to \$1,216, while the national average remained flat. Momentum grew over the past two months, with the T3 figure up 20 basis points. Year-over-year, rents were up 4.4%, significantly ahead of the 1.2% national figure.
- Average advertised asking rents in the working-class Renter-by-Necessity segment were up 0.5% on a T3 basis, to \$1,118. Meanwhile, rents for the upscale Lifestyle segment slid 0.1%, to \$1,796, marking the sixth consecutive month of contractions. The RBN segment maintained its positive momentum, with no contractions recorded last year. Moreover, rents in the segment were up 5.0% year-over-year through February.
- The occupancy rate in stabilized assets across Cleveland increased 10 basis points, to 94.7%, as of January. The figure was 20 basis points above the national average. RBN assets outperformed Lifestyle properties in this metric, as well. The segment's occupancy increased 20 basis points, to 95.1%, while Lifestyle occupancy fell 60 basis points, to 92.5%.
- Of Cleveland's 81 submarkets, Portage led gains with a 7.8% increase to \$1,434. Broadway (up 7.2% to \$1,804) and Rocky River (7.1% to \$1,370) rounded out the top three. At the opposite end, the Akron-Downtown submarket experienced the largest drop, with advertised asking rents falling 4.1%, to \$1,049. Ohio City was the metro's most expensive submarket, with the average dipping 1.4%, to \$2,016.

Cleveland vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Cleveland Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- ▶ Cleveland's employment rate stood at 0.4% year-over-year through December, lagging the U.S. figure by 90 basis points. Although the overall trend points to some improvement, the metro's rate was below 1.0% since October 2023 and remained well below the national figure throughout last year.
- ▶ As of January, Cleveland's unemployment rate was 4.6%, on par with Ohio's figure, according to BLS data. Meanwhile, Akron's unemployment rate stood at 5.6%. Both were higher than the 4.0% national rate.
- ▶ In 2024, Cleveland added 2,900 net jobs. Just four sectors added jobs, while six others recorded contractions. Education and health services led gains, with 6,300 positions added. On the other hand, the financial activities and manufacturing sectors lost a combined 5,900 jobs.
- ▶ The City Planning Commission has approved Bedrock's masterplan for a \$3.5 billion river-front development. The transit-oriented project aims to revitalize 35 acres. The \$489 million first phase will include a 17-story mixed-use high-rise with a 190-key hotel, an entertainment venue and retail space. At full build-out, the megadevelopment will have more than 2,000 units of residential space—with 20% set aside as affordable housing—along with parks and open spaces.

Cleveland Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	272.8	19.3%
60	Professional and Business Services	203.1	14.3%
70	Leisure and Hospitality	133	9.4%
80	Other Services	51.2	3.6%
15	Mining, Logging and Construction	54.5	3.9%
50	Information	17.7	1.3%
40	Trade, Transportation and Utilities	264.2	18.7%
90	Government	178	12.6%
55	Financial Activities	86.7	6.1%
30	Manufacturing	154.2	10.9%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ In 2022, the U.S. population increased 0.4% year-over-year. In contrast, the metro's population contracted 0.2%.
- ▶ Overall, since 2012 Cleveland has lost a combined 4,935 residents.

Cleveland vs. National Population

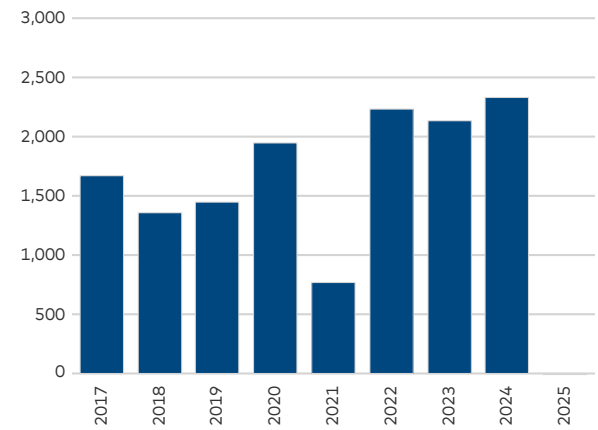
	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Cleveland	2,056,898	2,053,137	2,084,462	2,079,759

Source: U.S. Census

SUPPLY

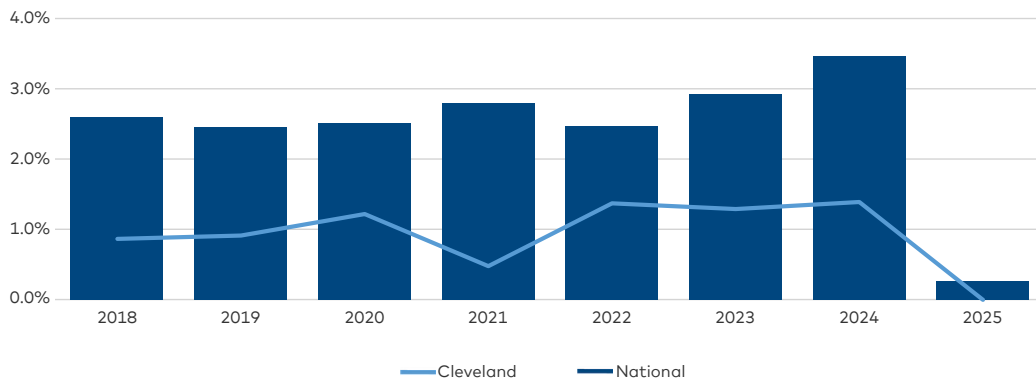
- ▶ As of February, Cleveland had 2,771 units under construction. Most of the developments were Lifestyle projects, which made up roughly 96% of all units in the pipeline. There were no RBN projects underway, while units in fully affordable properties accounted for the remaining 4%. Developers also had some 17,000 units in the planning and permitting stages.
- ▶ Last year, Cleveland developers completed 2,330 units, which was 1.4% of existing stock and 210 basis points below the national figure. This makes last year the best one for deliveries in the 2017-2024 time frame. The annual average for that period was 1,737 units. Yardi Matrix expects Cleveland to gain a total of 1,612 units by the end of 2025.
- ▶ In 2024, developers broke ground on 1,242 units across the metro. Construction starts have fallen 30.5% year-over-year, as in 2023 developers started work on 1,242 units.
- ▶ Broadway led construction activity in Greater Cleveland, with 850 units under construction. Other submarkets with significant pipelines included Cleveland Heights (467 units), Geauga (331 units) and Uniontown (298 units).
- ▶ The 316-unit The Collins was one of the largest developments underway in the metro in February. The NRP Group kicked off construction of the Lifestyle asset in mid-2023 and expects to deliver the property in the second quarter of 2025. The Dollar Bank and The Ohio Water Development Authority provided a combined \$65.3 million construction financing package for the development.

Cleveland Completions (as of February 2025)



Source: Yardi Matrix

Cleveland vs. National Completions as a Percentage of Total Stock (as of February 2025)



Source: Yardi Matrix

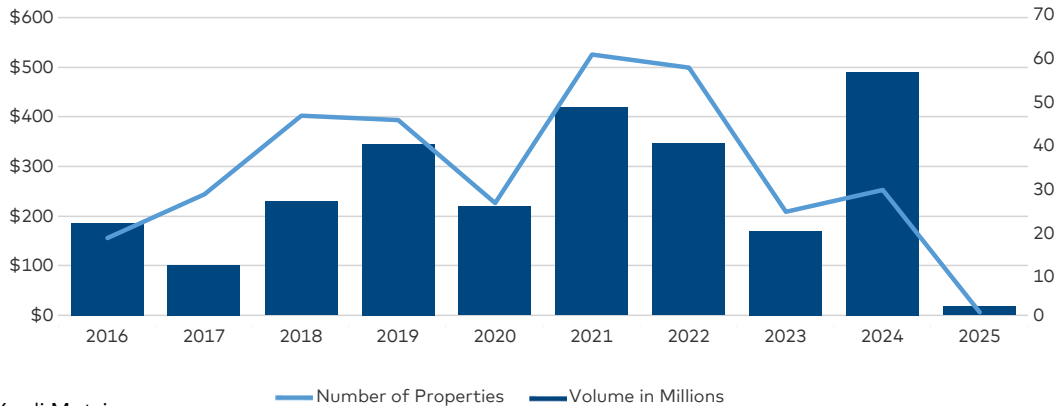
TRANSACTIONS

- ▶ Cleveland investors traded \$490 million in multifamily assets in 2024, marking the best performing year in the past decade, above even 2021's \$419 million total. This also boosted the decade's annual average to \$270 million. This year is off to a slow start, however, as only two properties traded in the first two months, for a combined \$18 million.
- ▶ In 2024 Cleveland's average price per unit settled at \$102,609. The figure was well above the 10-

year average of \$71,900. Investors were predominantly focused on RBN assets, with 28 of the total 30 transactions involving RBN assets. This was also in line with the overall distribution for the decade, as roughly 80% of all deals involved such properties.

- ▶ The metro's per-unit price more than tripled since 2015. This was a faster pace than the evolution of the national average, which grew 67%, to \$194,060 in 2024.

Cleveland Sales Volume and Number of Properties Sold (as of February 2025)



Source: Yardi Matrix

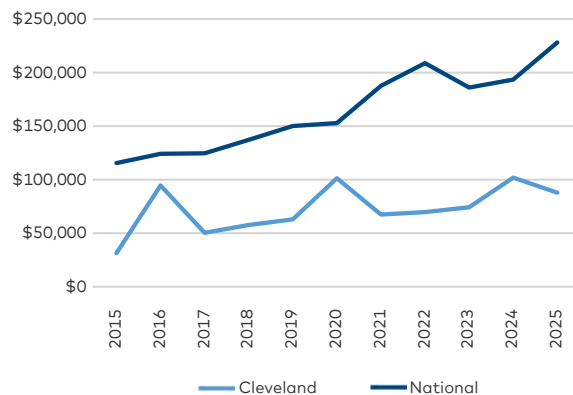
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Strongsville	126
Solon	101
Parma	82
Mayfield	40
Parma Heights	28
Copley	14
Brookpark	12

Source: Yardi Matrix

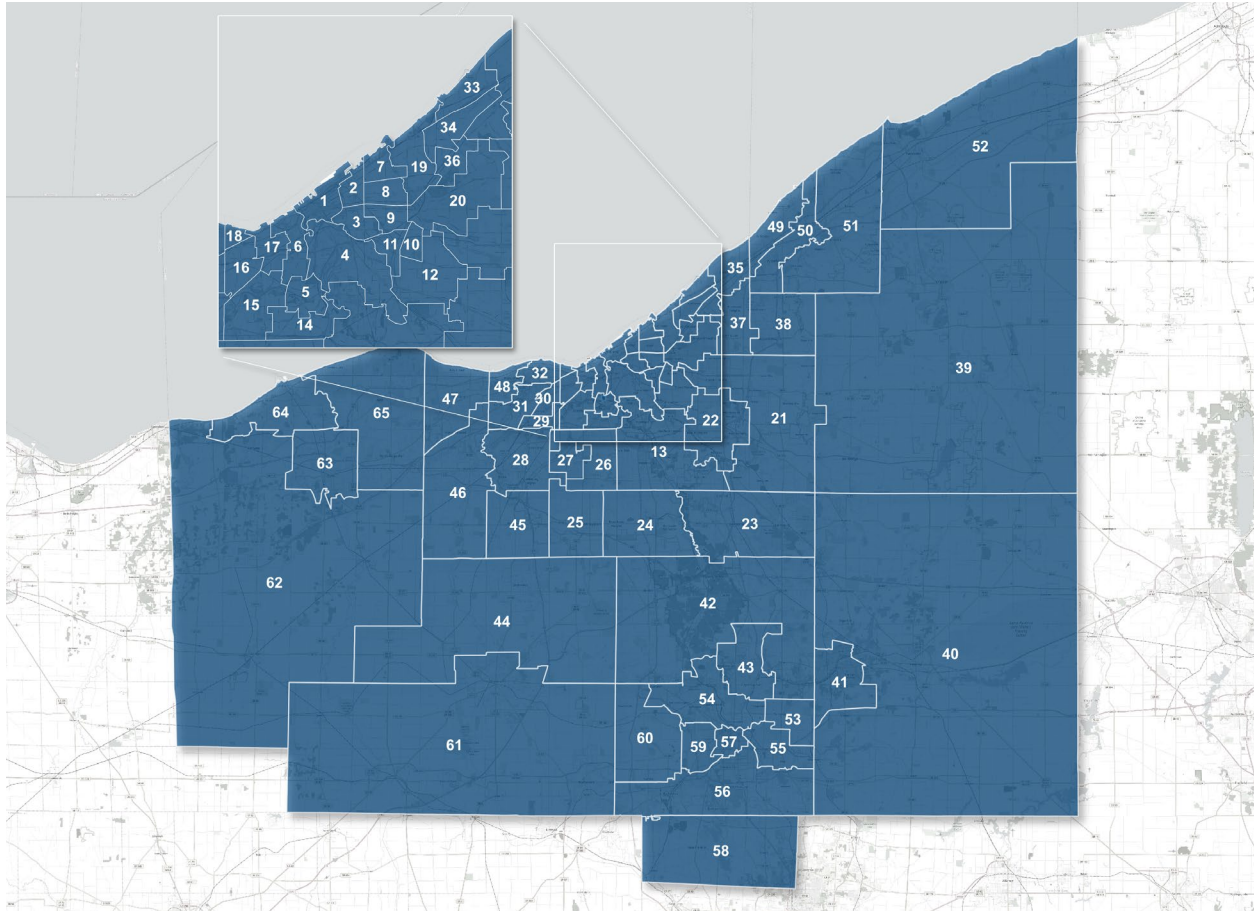
¹ From March 2024 to February 2025

Cleveland vs. National Sales Price per Unit



Source: Yardi Matrix

CLEVELAND SUBMARKETS



Area No.	Submarket
1	Cleveland–Downtown
2	Goodrich–Kirtland Park
3	Central
4	Broadway
5	Brooklyn Centre
6	Ohio City
7	St. Claire–Superior
8	Hough
9	Fairfax
10	Woodland Hills
11	Kinsman
12	Shaker Heights
13	Garfield Heights
14	Old Brooklyn
15	Brooklyn
16	Cudell
17	Shoreway
18	Edgewater
19	Glenville
20	Cleveland Heights
21	Solon
22	Bedford

Area No.	Submarket
23	Twinsburg
24	Broadview Heights
25	North Royalton
26	Parma
27	Parma Heights
28	Brookpark
29	Puritas
30	Jefferson
31	Fairview Park
32	Lakewood
33	North Collinwood
34	South Collinwood
35	Euclid
36	Cleveland–East
37	Richmond Heights
38	Mayfield
39	Geauga
40	Portage
41	Kent
42	Summit
43	Cuyahoga Falls
44	Brunswick

Area No.	Submarket
45	Strongsville
46	Olmsted
47	Westlake
48	Rocky River
49	Eastlake
50	Willoughby
51	Mentor
52	Lake
53	Tallmadge
54	Akron–North
55	Akron–East
56	Akron–South
57	Akron–Downtown
58	Uniontown
59	Akron–West
60	Copley
61	Medina
62	Lorain
63	Elyria
64	Lorain–Downtown
65	Avon

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

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